

# Investors raise some questions

BY PAT DOYLE  
The Telegram

Fortis Inc. has increased the number of common shares it can issue under its executive stock option plan and extended the term of stock options for executives and directors to 10 years from five.

The St. John's-based firm, primarily a utility holding company, also reported its financial results for 2000 and the first quarter 2001, and elected a board of directors for the next year at its annual shareholders meeting Wednesday.

However, none of these actions were taken without some questions being raised by shareholders.

There were more than 200 people at the hour-long meeting, which was held at the Fortis-owned Holiday Inn in St. John's.

That included 33 shareholders, representing both in person or by proxy 4,612,295 shares, 31 per cent of the total issued and outstanding shares.

Fortis is the parent company of Newfoundland Power, Maritime Electric Co. Ltd., FortisUS Energy Corp., Belize Electricity Ltd., Belize Electricity Co. Ltd., Canadian Niagara Power, Caribbean Utilities, Fortis Properties and Fortis Trust.

Angus Bruneau, chairman of Fortis, told the meeting the current number of shares available for executive stock options was 800,000 but as of March of this year, the number issued under the plan was 442,872.

## Shares replenished

Therefore, he said, the number of shares available needed to be replenished.

The plan was put in place in 1988 to attract and retain highly skilled professionals and reward their contribution to the corporation and its subsidiaries.

The board of directors, at an early March meeting, approved, subject to shareholder and TSE approval, an increase in the number of shares available to 1.3 million.

"The total number of shares available under the plan and all other share compensation arrangements, if the resolution is passed, would represent 9.7 per cent of the total issued and outstanding common shares," Bruneau said.

"That is within the guidelines established by the TSE," he said.

Bruneau also said the extension of the term of options is consistent with other Canadian corporations and within TSE guidelines.

"The board of directors has determined that these amendments are in the best interest of the company and unanimously recommends that shareholders vote in favor of them," he said.

Two resolutions dealing with these issues were passed without a dissenting vote. However, two shareholders questioned the extension of the time frame for options.

They felt five years was a more reasonable and prudent time frame.

Bruneau said the matter was extensively considered and the move is consistent with what has been done by other companies.

He also noted that of the proxy votes received for the meeting, 71.4 per cent voted in favour of the executive stock option change and 69.8 per cent were in favour of the change for directors.

## 'Little growth'

Shareholder Derek Hutchens, a chartered accountant and financial adviser, raised some questions about what he felt was "little growth" in the value of shares in the past three years.

He said the company had not performed as well as the TSE 300.

However, Marshall replied that over a longer period, Fortis has outpaced the TSE 300.

"The TSE was led by the high-tech sector and that's collapsed now," he said.

At the end of the meeting, Hutchens, noting he is a longtime shareholder, said while he is anxious to see value growth for shareholders, "I am very pleased with Fortis, as a shareholder."

There was a question raised about a controversial proposal to build a dam on a river in Belize, which protesters have described as an "environmental disaster."

Marshall said Fortis is a good corporate citizen, operating under the laws of Belize and will continue to do that.

Asked to release all documents related to the project, Marshall said a report is being carried out which will be submitted to the Belize government and it will decide on such matters.